



# NJCEP Commercial & Industrial Program Request for Comments

## Direct Install Proposed Program Changes

### Background

The Direct Install program is designed to offer small to mid-sized local government and commercial building owners the opportunity to retrofit or replace existing inefficient equipment by providing incentives that cover 70% of eligible project costs, up to \$125,000. Direct Install has been delivered statewide by multiple regional participating contractors who have been selected via an open and competitive bidding process to deliver “turnkey” installation services.

Under the new program administrator contract, the NJCEP will maintain the “turnkey” approach, incentive levels, and eligibility requirements that participants have experienced thus far. The program changes set forth below describe a new program delivery method, which is designed to reduce the overall cost of labor and materials and increase the number of contractors that participate in the program.

### Program Delivery Changes

- Update program pricing: The program administrator will develop Requests for Proposals (RFPs) to obtain updated program pricing for all labor and materials. All material vendors and installation contractors (referred to as Participating Contractors) will be selected via an open and competitive bidding process. The program administrator will rebid installation contractor services through new RFP process (for HVAC/Mechanical equipment & labor only), and release an RFP for a statewide equipment supplier (or suppliers) which will be responsible for providing all offered program equipment except the HVAC/Mechanical equipment.
- Allow customers to use their own contractor - If an applicant wishes to utilize their own contractor, that contractor must meet the Program requirements, agree to the established pricing and complete training. If the applicant’s contractor is unable to meet these requirements, the applicant will be given the option to proceed using one of the approved Participating Contractors (as referenced above) for that specified territory.

Additional details regarding the program design, equipment and contractor selection will be available in the pending RFPs referenced above.

The Board of Public Utilities will continue to evaluate additional program changes following the re-launch of the program.



## NJ Energy Code Impact Proposed Program Changes

### Background

On September 21, 2015 the State of New Jersey adopted a new energy efficiency code. The energy sub-code is ASHRAE 90.1-2013 (“new code”) which represents a technology efficiency increase of 25% versus the former energy code (ASHRAE 90.1-2007, “old code”) on average across all building types. Retail buildings and schools saw the greatest increase where ASHRAE 90.1-2013 is 35% more efficient than ASHRAE 90.1-2007.

The new code carries a six (6) month grace period which expired on **March 21, 2016**. A complete permit application must have been received by the local agencies prior to this expiration date if the applicant wished to be approved under the old ASHRAE 90.1-2007 code. The local agencies will determine if the application is complete and accepted under the former or new code guidelines.

Since the energy code change occurred mid-program year, many program structures, incentives, efficiency levels and technical requirements are based on the former code. Therefore, short term modifications are required to sustain the program through FY16 and continue forward into FY17.

**These changes are necessary in order to ensure incentives are not paid for technologies that no longer meet or exceed the new energy code.**

### Program Impact/Recommendations

#### Smart Start

With the code change, some equipment efficiency levels will fall below the new energy code baseline or otherwise reference the old code (e.g. performance lighting has to be 5% better than old code, custom requires 2% better than old code).

We recommend that for those technologies that fall below the new energy code, customers may *only* apply for these incentives upon either (a) proof of equipment purchase prior to March 21<sup>st</sup> or (b) proof of complete permit application(s) submitted to the local agency prior to the code change cut-off of March 21<sup>st</sup> (if applicable).

For those technologies that continue to *meet or exceed* the new code, customers with Retrofit projects will be able to apply for those incentives. New Construction projects will need to demonstrate that proposed equipment **exceeds** the new code.

For FY17 SmartStart efficiency requirements, incremental savings, and related incentive levels will be re-evaluated relative to the new code.

#### Pay for Performance

For Existing Buildings, applications received after the code change cut-off (March 21<sup>st</sup>) will need to ensure proposed equipment meets or exceeds the new code or SmartStart efficiency requirements, whichever are more stringent, where applicable. This requirement will continue into FY17.



New Construction projects permitted under the old building code may apply to the program without any modification. Projects permitted under the *new* building code may apply to the program, but will be required to demonstrate at least 15% energy cost savings from ASHRAE 90.1-2013 baseline. Proof of permit will be required. For FY17 the Pay for Performance New Construction program will undergo a re-design to better support improvement beyond the new energy code, as requiring 15% energy cost savings from ASHRAE 90.1-2013 may not be feasible for some facilities and may significantly impact program participation.

#### Large Energy Users Program

Applications received after the code change cut-off (March 21<sup>st</sup>) will need to ensure proposed equipment meets or exceed the new code or SmartStart efficiency requirements, whichever are more stringent, where applicable. This requirement will continue into FY17.

#### Direct Install

The forthcoming Direct Install RFP for new contractors will include equipment pricing and efficiency levels modified to meet or exceed ASHRAE 90.1-2013 code. Language will be added to RFP (as needed) or subsequent contracts to enable contractors and equipment to follow new code requirements.

#### Local Government Energy Audit

Upon program re-launch, recommended measures identified through an audit will require that they either meet or exceed the new code, or meet SmartStart requirements, whichever is more stringent.

**Comments on the proposed changes should be submitted by April 7, 2016 to:**  
[publiccomments@NJCleanEnergy.com](mailto:publiccomments@NJCleanEnergy.com) and reference “Proposed Changes to the Direct Install Program.”